



## **Biweekly Narrative Seafood Report (No: 6-2002):Korea**

Prepared by Alaska State Trade Representative in Korea

April 19, 2002

### **1. Korea Economy Update**

**IMF raises Korea's growth forecast to 5%:** The International Monetary Fund (IMF) yesterday raised its growth forecast for the Korean economy to 5.0 percent for this year from the previous 4.0 percent prediction made last February, citing a recovery in the electronics sector and the overall global economy.

The revised figure is the IMF's highest among newly industrialized Asian countries such as Hong Kong (1.5 percent), Singapore (3.2 percent) and Taiwan (2.3).

"Among the newly industrialized economies, the recovery in global activity and in the electronics sector should support modest growth in Hong Kong, Singapore, and Taiwan in 2002 following sharp downturns in 2001, and firmer growth is expected in Korea, where the recovery appears to be more advanced," the IMF said in its first quarter report on the world economic outlook for 2002.

According to the report, Korea's consumer prices will rise 2.7 percent this year with the employment rate at 3.5 percent and the current account surplus at \$6.9 billion or 1.5 percent of gross domestic product (GDP).

The fund also forecast that the Korean economy would grow at an annual growth rate of 5.5 percent in 2003 with an unemployment rate of 3.5 percent, a current account surplus of 0.6 percent of GDP, and a rise in consumer prices of 2.6 percent.

The IMF expected that the global economy would begin to fully recover by mid 2002 despite some uncertainties in Japan and Argentina.

The global economic rebound, however, is not expected to "be as strong as that seen in the late 1990s especially as the rapid growth of investment and exports associated with the information technology sector in that earlier period appears unlikely to be repeated," the IMF said.

The U.S. economy is likely to grow 2.3 percent this year, up from the 0.7 percent forecast last December and the strongest among the major advanced economies, the IMF said, putting the 2003 growth rate for the United States at 3.4 percent.

Europe is expected to record 1.4 percent growth this year, while Japan's economy will contract by 1.0 percent.

The IMF called for most advanced economies to maintain ongoing economic stimulus measures to boost continued economic growth while recommending that some countries that witnessed rapid economic growth reverse their low interest rate policies.

The IMF also urged the Japanese government to implement bolder macroeconomic policies to help its economy escape the decade-long economic slowdown, which is one of the most serious sources of concern in the global economy.

*(Source: April 19, 2002, the Korea Herald, Seoul, Korea)*

**Consumer Sentiment Rises for Sixth Straight Month:** The Korean economy, deemed to be currently undergoing a fast recovery, has triggered the consumer sentiment to advance for the sixth straight month in March.

According to the National Statistical Office (NSO) on Friday, the consumer expectation index, a barometer of household spending in the coming six months, surged to 109.7 for March as the index has been on a rally since September last year. In January this year, the index soared to an all-time high of 106.7.

A reading over 100 in the index indicates that the number of consumers planning to increase spending in the next six months is greater than that who are not. The NSO said that the consumer sentiment has been growing as the economic growth is sure to continue to gain momentum.

The office also noted that the consumer evaluation index, measuring households' current consumer sentiment in view of conditions six months ago, soared to 105.9 in March from 100.5 in the preceding month.

*(Source: April 12, 2002, the Chosun Ilbo, Seoul, Korea)*

## 2. Fisheries News in Korea

**Deficit in fisheries trade swelling:** Korea's deficit in the fisheries trade has been ballooning since the start of the year, according to data compiled by the Ministry of Maritime Affairs and Fisheries.

Korea incurred a \$172 million deficit in the first two months of the year, a 17.2-fold increase from the \$10 million recorded during the same period last year.

Exports during the two months reached \$156 million, down 27 percent from a year ago, while imports surged 46 percent to \$328 million.

The increasing red figure in fisheries trade is attributed to a drop in exports to Japan, the largest market for Korean fisheries products, against a surge in imports from China, the ministry said.

Imports from China totaled \$134 million during the first two months, up 55 percent from a year ago. Major items were yellow corvinas (\$43.93 million), hairtails (\$15.12 million) and small octopuses (\$8.12 million).

Pollack imports from Russia also posted a 1.8-fold increase to total \$30,987.

On the other hand, fisheries exports to Japan dropped 33 percent to \$111 million from \$174 million during the period.

Last year, Korea suffered a deficit in fisheries trade for the first time. According to the ministry's report, Korea incurred a deficit of \$374 million by importing \$1.648 billion worth of fishery products while exporting \$1.274 billion.

The ministry forecast that if the trend continues into this year, Korea's deficit in fisheries trade this year will top \$1 billion.

*(Source: April 17, 2002, JoongAng Ilbo, Seoul, Korea)*

**Producer Prices Rise in March for Third Consecutive Month:** The nation's producer prices in March increased for the third consecutive month on a monthly basis, fanning worries over consumer price hikes in the coming months.

In a report on the trend of producer prices during March, the Bank of Korea (BOK) said yesterday that the nation's producer prices posted an increase of 0.6 percent last month from a month earlier.

After continuing a downward trend for the fifth consecutive month since August last year, producer prices shifted upward in January.

The central bank said that a key reason behind the rise in producer prices during last month was a jump in prices of manufactured goods, due to strong demand triggered by expectations over economic recovery, coupled with a jump in prices of international raw materials, including international crude oil.

Prices of manufactured goods climbed by 0.7 percent in March from a month before, on the back of an increase in prices of oil products (2.9 percent), chemical products (1.4 percent) and non-metallic minerals (0.8 percent).

An increase in prices of agricultural, forestry, fishery and livestock products (0.8 percent) also contributed to the price hike, the central bank added.

The prices of fruits and cereals surged by 5.4 percent and 1.5 percent, respectively, while vegetable prices slid by 2.8 percent.

Excluding the influence of seasonally adjusted factors, prices of agricultural, forestry, fishery and livestock products posted an increase of 0.4 percent.

In the meantime, service fees recorded an increase of 0.2 percent last month, as prices in financial and real estate sectors jumped by 1.5 percent and 0.2 percent, respectively.

“Since producer prices have an effect on the consumer side one to two months later, there is a high possibility that consumer prices will increase in the near future,” said an official at the central bank.

Producer prices refer to prices of wholesale goods and commodities and are sometimes taken as an index of inflation.

*(Source: April 5, 2002, the Korea Times, Seoul, Korea)*

### **3. Weekly Trend of Wholesale Fisheries Market in Korea**

#### **1) Noryangjin Wholesale Fisheries Market: April 3 – 9, 2002**

The supply of wild live fish like mullets and sea bream were on the increase during the above period:

- “ Live Mullet: daily supply of 4 – 5 tons, price was W 2,100 per kg (lowest this year due to over supply)
- “ Live sea bream from local Cholla South Province: daily supply of .7 – 1 ton, price was W 27,000 per kg
- “ Live small halibut: price was W 24,000 per kg
- “ Live snow crab from Russia: daily supply of 4 – 5 tons (down 50% from end of March), Price went up to W 14,000 per kg
- “ Live and fresh blue crab (local): daily supply of 100 kg due to poor harvest, no auction price was set up due to small supply.
- “ Fresh oyster (local): W 11,500 per 2-kg-box

## **2) Garakdong Wholesale Fisheries Market: April 2 – 8, 2002**

The prices for most species decreased due to poor consumption compared with the previous week.

- “ Fresh Pollock: Main supply was from Japan due to poor local harvest. Price of Japanese fresh Pollock was W 29,000 per 10-kg-box.
- ◆ Fresh mackerel: Price went down due to poor consumption. Price was W 29,300 per 10-kg box for medium.

*(Source: April 15, 2002, the Korea Fisheries Times, Seoul, Korea)*